Tax Depreciation Report

25 Cavendish St,
Earlville QLD 4870

Cameron Gliddon
8 Patrick Lane
NORMAN PARK

Issue Schedule	
Issue Date:	Issued by:
21 November 2019	Mark Kilroy Bsc (Hons) MRICS

Cameron Gliddon
8 Patrick Lane
NORMAN PARK

November 2019
Job No: RES4870027

Tax Depreciation Report – 25 Cavendish St, Earlville QLD 4870

We thank you for choosing Koste Pty Ltd to prepare the attached Tax Depreciation report and schedule for the above property.

This report has been prepared to provide an independent review of Tax Depreciation entitlements available on the subject property, under The Income Tax Assessment Act 1997.

Koste Pty Ltd are a registered tax agent (24836767) who comply with the Tax Agent Services Act 2009. The attached schedule is based on an apportionment of the total expenditure, together with the Tax Commissioners current intentions in preparing this document.

As you continue to grow your portfolio, we would be pleased to provide you with free estimates of tax depreciation allowances on purchases. We can also provide updates for $100+GST on any revised depreciation reports which may include new capital works and write-offs on disposed assets over the coming years.

The majority of our custom is based on repeat customers and from word of mouth. Testimonials are important to our business especially on social media including Google+, LinkedIn and Facebook. If you are pleased with our service and have some time to write a short testimonial on either social media or via an email, this would be greatly appreciated.

If you or your accountant require any further clarification on the contents of this report, please do not hesitate in contacting a member of our team on 1300 669 400 where they would be more than happy to assist.

Yours Sincerely

Koste Pty Ltd

Koste Pty Ltd
Tax Depreciation Quantity Surveyors

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1. Property Information

Date of Report

21 November 2019

Purchaser

Cameron Gliddon

Property Address

25 Cavendish St, Earlville QLD 4870

Real Property Description

L184 RP714020

Property Type

Residential House

Date of Construction

Pre 1985

Date Available To Generate Income

5 June 2018

2. Report Details

2.1 Introduction

Koste Pty Ltd has prepared an independent Tax Depreciation Schedule for the purchase of the subject property under the Income Tax Act 1997.

We have evaluated and reported the allowances based on the following:

Division 40 (Capital Allowances)
Referred to as Depreciating Assets, identified as assets which can be removed with ease including; Appliances, Furnishings and the like. Koste will identify and provide an analysis using both Diminishing Value and Prime Cost methods of depreciation. All items which have a value less than $300 will be written off in the first year.

Division 40 (Capital Allowances) - Low Value Pool
Low Cost Assets are depreciating assets which have a cost of between $300 and $1,000 at your purchase date. These assets are depreciated at 18.75% in the first year, and 37.5% in each subsequent year.

Division 43 (Capital Works)
Capital works often referred to as Building Allowances entitles the tax payer to a deduction on assessable income producing buildings and other capital works. The opening value of these assets will be calculated on the date of installation; typical assets may include Windows, Doors and Walls.

3. Capital Allowances

3.1 Entitlement

Capital Allowances Division 40 of the Income Tax Act 1997 allows the taxpayer to a deduction of the decline in value of a depreciating asset used for income producing purpose over its effective life. A deprecating asset will deteriorate over the life and will therefore decline in value.

3.2 Qualifying Expenditure Calculation

On a property acquisition, Capital Allowances (Plant and Equipment) are based on a reasonable apportionment of the purchase price relating to qualifying plant under the Income Tax Assessment Act (ITAA) 1977 Section 40 – 195.

3.3 Effective Life

The Commissioner of Taxation provides regular tax rulings which determine the period an asset can be used to produce income. Included within this report is as new effective life rates.

3.4 Immediate Write-Off Assets

A depreciating asset which costs less than $300 can be immediately written off under Division 40 of ITAA. Please note that this is only applicable to residential property investments.

3.5 Low Value Pool

Assets which have a starting value of between $300 and $1000 have been included within the Low Value Pool. These assets are depreciated at 18.75% in the first year and 37.5% for all subsequent years on a diminishing basis.

An asset that has a written down value under $1000 in following years will be allocated to the low value pool and depreciated at 37.5% using diminishing value method. This method does not apply to assets that were depreciated using the prime cost method in any previous years.

3.6 Method of Depreciation

We provide you with a choice to calculate the decline in value for depreciating assets. Your choice on whether to use Diminishing Value or Prime Cost method of depreciation should be discussed with your accountant. Once a depreciation method is chosen for an asset this cannot be changed.

Diminishing Value Method

Diminishing value method is often the most popular form of depreciation due to the cash-flow benefits in the early years of asset ownership.

Benefits

- Cash-flow during initial years of asset ownership
- Ability to use Low Value Pool for assets less than $1000 (Note: unable to write off these assets)

Calculation Example

Under Diminishing Value method, the effective life is dividing by 200.

200 / 10 Years = 20% (Adjusted Value)

If an asset has a value of $10,000 and an effective life of 10 years the following annual depreciation may be claimed.

Year 1	Year 2	Year 3	Year 4	Year 5
$2,000	$1,600	$1,280	$1,024	$819.20

Prime Cost Method

Prime Cost Method of Depreciation, often referred to as straight line depreciation is depreciated at a constant rate each year.

Benefits

- Write off assets when they are demolished or disposed.

Calculation Example

Under Prime Cost method, the effective life is dividing by 100.

100 / 10 Years = 10% (Straight Line)

If an asset has a value of $10,000 and an effective life of 10 years the following annual depreciation may be claimed.

Year 1	Year 2	Year 3	Year 4	Year 5
$1,000	$1,000	$1,000	$1,000	$1,000

4. Capital Works

4.1 Entitlement

Capital Works Division 43 of the Income Tax Act 1997 allows the taxpayer to a deduction of the decline in value of a depreciating asset used for income producing purpose over its effective life.

4.2 Method of Depreciation

Capital Works allowances under Division 43 are based on the historical construction costs and are not based on an apportionment of the purchase price. Where construction costs are not available, a qualified Quantity Surveyor will establish costs in accordance with the Tax Ruling TR97/25.

Capital Works are depreciated by Prime Cost method only, which may vary dependant on the date the construction works commenced and the property usage. Where a property has been updated over the years, capital works expenditure may be allocated in different periods. Clients must make any construction periods clear wherever possible to ensure your claim is maximised.

4.3 Method of Depreciation

Structural improvements such as fencing, paths and other hard landscaping can also be written off at 2.5% per annum if construction started after 27 February 1992.

5. Summary of Entitlements – Diminishing Value Method

Year	Financial Year	Division 43 Capital Works	Eligible Total	Capital Loss - See Appendix A	
				Div 40 Yearly	Cumulative
1	25 July 16 to 30 June 17	2,441	**2,441**	0	0
2	1 July 17 to 30 June 18	2,621	**2,621**	8,070	8,070
3	1 July 18 to 30 June 19	2,621	**2,621**	6,619	14,689
4	1 July 19 to 30 June 20	2,621	**2,621**	5,106	19,795
5	1 July 20 to 30 June 21	2,621	**2,621**	4,326	24,121
6	1 July 21 to 30 June 22	2,621	**2,621**	3,312	27,433
7	1 July 22 to 30 June 23	2,621	**2,621**	2,799	30,233
8	1 July 23 to 30 June 24	2,621	**2,621**	2,140	32,373
9	1 July 24 to 30 June 25	2,621	**2,621**	1,839	34,212
10	1 July 25 to 30 June 26	2,621	**2,621**	1,389	35,601
11	1 July 26 to 30 June 27	2,621	**2,621**	1,071	36,672
12	1 July 27 to 30 June 28	2,621	**2,621**	842	37,514
13	1 July 28 to 30 June 29	2,458	**2,458**	673	38,187
14	1 July 29 to 30 June 30	2,440	**2,440**	712	38,899
15	1 July 30 to 30 June 31	2,440	**2,440**	760	39,659
16	1 July 31 to 30 June 32	2,440	**2,440**	508	40,167
17	1 July 32 to 30 June 33	2,406	**2,406**	617	40,784
18	1 July 33 to 30 June 34	2,384	**2,384**	385	41,169
19	1 July 34 to 30 June 35	2,384	**2,384**	241	41,410
20	1 July 35 to 30 June 36	2,384	**2,384**	151	41,561
21	1 July 36 to 30 June 37	2,384	**2,384**	94	41,655
22	1 July 37 to 30 June 38	2,384	**2,384**	59	41,713
23	1 July 38 to 30 June 39	2,384	**2,384**	37	41,750
24	1 July 39 to 30 June 40	2,156	**2,156**	23	41,773
25	1 July 40 to 30 June 41	2,154	**2,154**	14	41,788
26	1 July 41 to 30 June 42	2,154	**2,154**	9	41,797
27	1 July 42 to 30 June 43	2,154	**2,154**	6	41,802
28	1 July 43 to 30 June 44	2,046	**2,046**	4	41,806
29	1 July 44 to 30 June 45	1,574	**1,574**	2	41,808
30	1 July 45 to 30 June 46	1,574	**1,574**	1	41,809
31	1 July 46 to 30 June 47	1,574	**1,574**	1	41,810
32	1 July 47 to 30 June 48	1,574	**1,574**	1	41,811
33	1 July 48 to 30 June 49	1,574	**1,574**	0	41,811
34	1 July 49 to 30 June 50	518	**518**	0	41,811
35	1 July 50 to 30 June 51	350	**350**	0	41,811
36	1 July 51 to 30 June 52	350	**350**	0	41,811
37	1 July 52 to 30 June 53	350	**350**	0	41,811
38	1 July 53 to 30 June 54	9	**9**	0	41,811
39	1 July 54 to 30 June 55	0	**0**	0	41,811
40	2055+	0	**0**	0	41,812
	Totals	**77,871**	**77,871**	**41,812**	**41,812**

The diminishing value method involves multiplying the remaining amount (or also known as the written down value) of the item by the depreciation rate each year. Hence the term diminishing value method as it diminishes in value each year never quite reaching zero.

Example

	DV Rate	Opening Value	Year 1	WDV	Year 2
Carpet	20%	$1,000	$200	$800	$160

6. Summary of Entitlements – Prime Cost Method

Year	Financial Year	Division 43 Capital Works	Eligible Total	Capital Loss - See Appendix A	
				Div 40 Yearly	Cumulative
1	25 July 16 to 30 June 17	2,441	**2,441**	0	0
2	1 July 17 to 30 June 18	2,621	**2,621**	4,767	4,767
3	1 July 18 to 30 June 19	2,621	**2,621**	4,767	9,534
4	1 July 19 to 30 June 20	2,621	**2,621**	4,767	14,301
5	1 July 20 to 30 June 21	2,621	**2,621**	4,767	19,068
6	1 July 21 to 30 June 22	2,621	**2,621**	4,114	23,182
7	1 July 22 to 30 June 23	2,621	**2,621**	4,059	27,241
8	1 July 23 to 30 June 24	2,621	**2,621**	4,037	31,278
9	1 July 24 to 30 June 25	2,621	**2,621**	4,037	35,315
10	1 July 25 to 30 June 26	2,621	**2,621**	4,037	39,352
11	1 July 26 to 30 June 27	2,621	**2,621**	1,532	40,884
12	1 July 27 to 30 June 28	2,621	**2,621**	1,351	42,235
13	1 July 28 to 30 June 29	2,458	**2,458**	986	43,221
14	1 July 29 to 30 June 30	2,440	**2,440**	838	44,059
15	1 July 30 to 30 June 31	2,440	**2,440**	763	44,822
16	1 July 31 to 30 June 32	2,440	**2,440**	305	45,127
17	1 July 32 to 30 June 33	2,406	**2,406**	275	45,402
18	1 July 33 to 30 June 34	2,384	**2,384**	275	45,677
19	1 July 34 to 30 June 35	2,384	**2,384**	275	45,952
20	1 July 35 to 30 June 36	2,384	**2,384**	275	46,227
21	1 July 36 to 30 June 37	2,384	**2,384**	25	46,252
22	1 July 37 to 30 June 38	2,384	**2,384**	0	46,252
23	1 July 38 to 30 June 39	2,384	**2,384**	0	46,252
24	1 July 39 to 30 June 40	2,156	**2,156**	0	46,252
25	1 July 40 to 30 June 41	2,154	**2,154**	0	46,252
26	1 July 41 to 30 June 42	2,154	**2,154**	0	46,252
27	1 July 42 to 30 June 43	2,154	**2,154**	0	46,252
28	1 July 43 to 30 June 44	2,046	**2,046**	0	46,252
29	1 July 44 to 30 June 45	1,574	**1,574**	0	46,252
30	1 July 45 to 30 June 46	1,574	**1,574**	0	46,252
31	1 July 46 to 30 June 47	1,574	**1,574**	0	46,252
32	1 July 47 to 30 June 48	1,574	**1,574**	0	46,252
33	1 July 48 to 30 June 49	1,574	**1,574**	0	46,252
34	1 July 49 to 30 June 50	518	**518**	0	46,252
35	1 July 50 to 30 June 51	350	**350**	0	46,252
36	1 July 51 to 30 June 52	350	**350**	0	46,252
37	1 July 52 to 30 June 53	350	**350**	0	46,252
38	1 July 53 to 30 June 54	9	**9**	0	46,252
39	1 July 54 to 30 June 55	0	**0**	0	46,252
40	2055+	0	**0**	0	46,252
	Totals	**77,871**	**77,871**	**46,252**	**46,252**

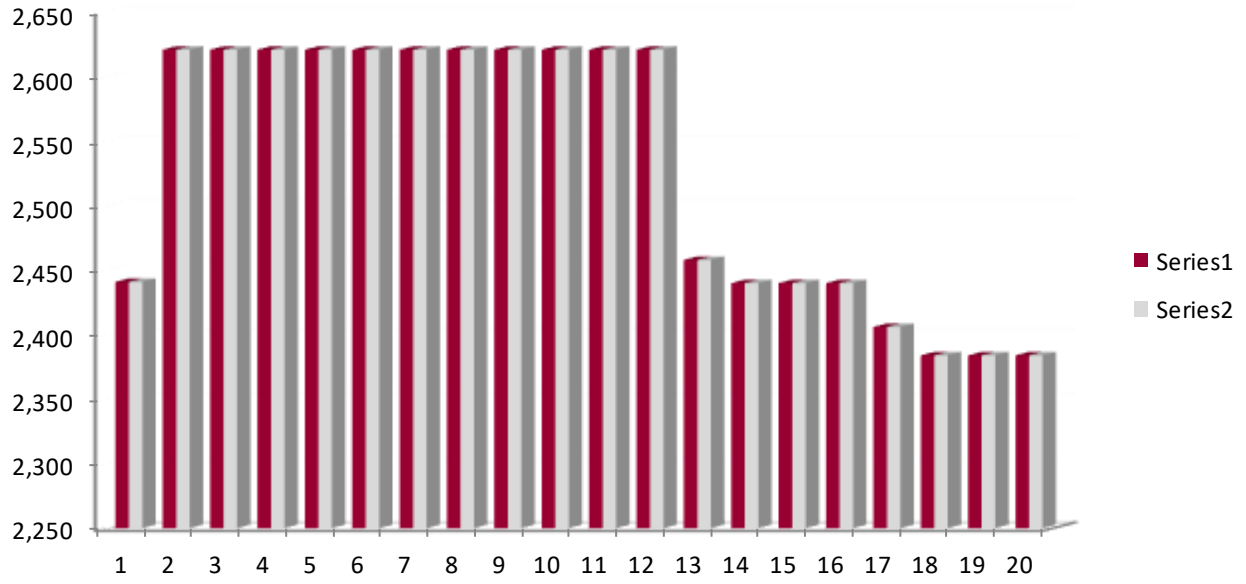
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

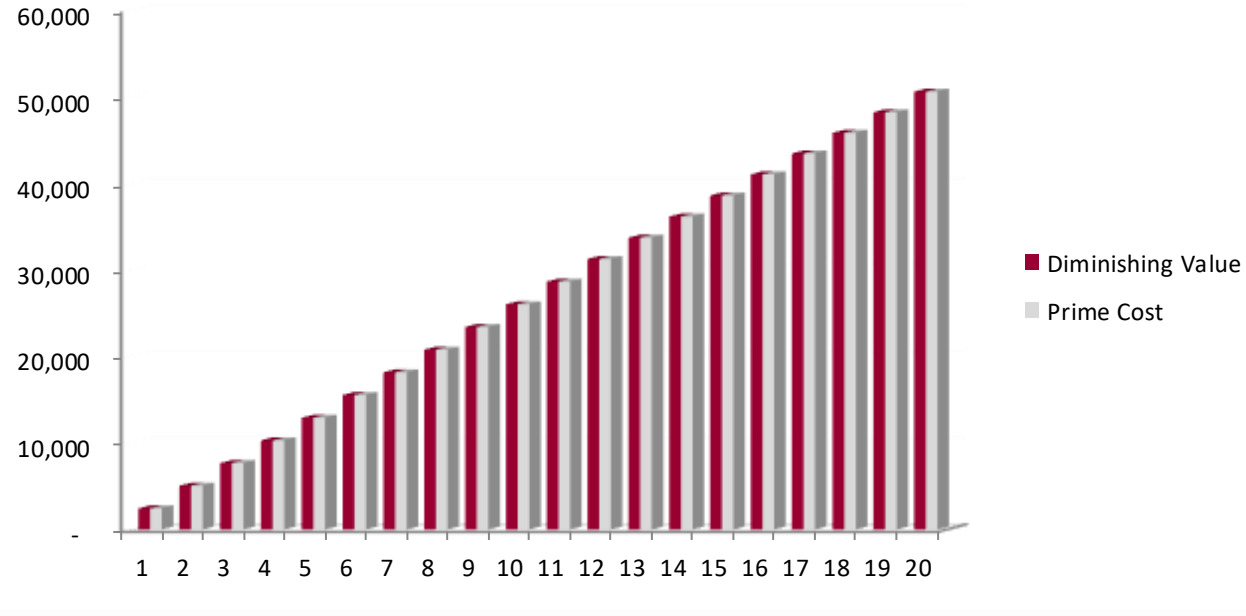
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	$1,000	$100	$900	$100

7. Comparison Graphs

20 YEAR COMPARISON GRAPH



20 YEAR CUMULATIVE GRAPH



Advantages of using diminishing value method over prime cost method, as can be seen in the 20 year comparison graph, diminishing value method has higher deductions in the first few years. Prime cost method has lower deductions over the first few years, but around the 5-6 year mark starts to give higher deductions and in later years. However cumulatively they equal out at about the 10 year mark. It comes down to whether you want the higher deductions in the first few years or the more evenly spread out deductions approach.

8. Capital Expenditure Analysed

Purchase Details	
Contract Date	17 June 2016
Settlement Date	25 July 2016
Available To Generate Income	5 June 2018

Expenditure Analysed	
Purchase Price	$390,000
Stamp Duty	$4,900
Legals	$850
Total Expenditure Analysed	**$395,750**

Historical Construction Details	
Construction Start Date	Pre 1985
Construction Completion Date	Pre 1985
Historical Construction Cost (Estimated)*	N/A

9. Reconciliation of Capital Expenditure

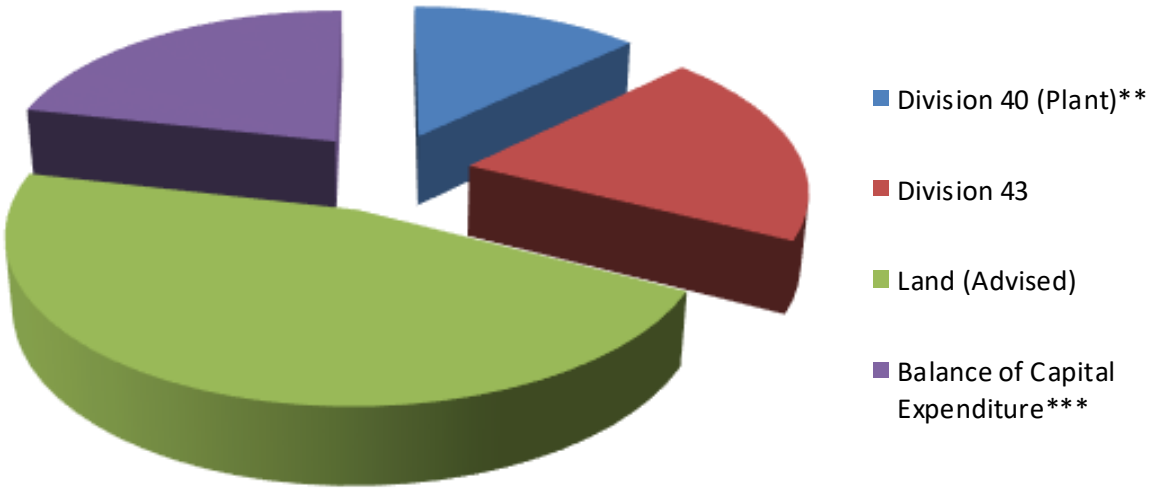
Apportionment of cost relating to:	
Division 40 (Plant)**	$50,692
Division 43	$77,871
Land (Advised)	$182,262
Balance of Capital Expenditure***	$84,925
Total Expenditure Analysed	**$395,750**

Notes

* The historical construction has been calculated and the eligible qualifying expenditure for the purposes of calculating the Division 43 deductions capital works has been taken from this total by excluding the plant (Division 40) and any non eligible expenditure items

** Some assets in Division 40 (Plant) may not be eligible for yearly depreciation claim but for capital gain deduction only. Please go to Summary of Entitlements and detailed schedules for more information

*** Balance of capital expenditure comprises the apportionment of all capital works which are ineligible for depreciation or capital allowances



10. Diminishing Value Depreciation Schedule

Assets Generally Division 40 - Plant and Equipment	Eligibility For Depreciation	Diminishing Value Rate	Start Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Air-conditioning assets (excl. ducting, pipes & vents)														
Mini split system upto 20KW	NO	20.00%	25-Jul-16	5,822	1,085	947	758	606	485	388	310	248	373	233
Bathroom assets														
Exhaust fans (including light/heating)	NO	20.00%	25-Jul-16	606	113	185	116	72	45	28	18	11	7	4
Blinds Residential	NO	20.00%	25-Jul-16	1,994	371	324	260	208	312	195	122	76	48	30
Ceiling Fans	NO	40.00%	25-Jul-16	2,486	926	624	351	219	137	86	54	33	21	13
Fire control assets														
Detection & alarm systems, detectors	NO	10.00%	25-Jul-16	267	25	91	57	35	22	14	9	5	3	2
Floor coverings (removable without damage)														
Floating timber	NO	13.33%	25-Jul-16	7,316	909	854	740	642	556	482	418	362	314	272
Furniture	NO	15.00%	25-Jul-16	2,583	361	333	283	241	205	174	370	231	144	90
Garbage disposal														
Garbage bins	NO	30.00%	25-Jul-16	194	54	52	33	20	13	8	5	3	2	1
Garden sheds, freestanding	NO	20.00%	25-Jul-16	16,980	3,163	2,763	2,211	1,768	1,415	1,132	905	724	579	464
Hot water systems (excluding piping)														
Gas or electric	NO	16.67%	25-Jul-16	1,819	282	256	213	178	334	208	130	81	51	32
Kitchen assets														
Cooktops	NO	16.67%	25-Jul-16	1,031	160	327	204	128	80	50	31	19	12	8
Dishwashers	NO	20.00%	25-Jul-16	1,455	271	237	355	222	139	87	54	34	21	13
Ovens	NO	16.67%	25-Jul-16	1,334	207	188	352	220	138	86	54	34	21	13
Rangehoods	NO	16.67%	25-Jul-16	546	85	173	108	68	42	26	16	10	6	4
Lights														
Fittings (excluding hardwired)	NO	40.00%	25-Jul-16	1,019	380	240	150	94	59	37	23	14	9	6
Solar power generating system assets	NO	10.00%	25-Jul-16	5,239	488	475	428	385	346	312	281	253	227	205
Pooled Plant Total						1,067	1,726	1,078	1,319	824	885	553	718	449
Effective Life Plant Total					8,881	7,003	4,893	4,028	3,007	2,488	1,914	1,587	1,121	940
Total Division 40				50,692	8,881	8,070	6,619	5,106	4,326	3,312	2,799	2,140	1,839	1,389

Diminishing Value Depreciation Schedule (cont.)

Division 43 - Capital Works Allowance	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 1988	2.50%	25-Jul-16	2,178	169	181	181	181	181	181	181	181	181	181
Building Works - Completed 1999	2.50%	25-Jul-16	5,276	214	230	230	230	230	230	230	230	230	230
Building Works - Completed 2004	2.50%	25-Jul-16	16,092	540	580	580	580	580	580	580	580	580	580
Building Works - Completed 2009	2.50%	25-Jul-16	35,979	1,013	1,088	1,088	1,088	1,088	1,088	1,088	1,088	1,088	1,088
Structural Improvements - Completed 1992	2.50%	25-Jul-16	914	52	56	56	56	56	56	56	56	56	56
Structural Improvements - Completed 2009	2.50%	25-Jul-16	4,497	127	136	136	136	136	136	136	136	136	136
Structural Improvements - Completed 2013	2.50%	25-Jul-16	12,935	326	350	350	350	350	350	350	350	350	350
Total Division 43			**77,871**	**2,441**	**2,621**	**2,621**	**2,621**	**2,621**	**2,621**	**2,621**	**2,621**	**2,621**	**2,621**
Total Depreciation			**128,563**	**11,322**	**10,691**	**9,240**	**7,727**	**6,947**	**5,933**	**5,420**	**4,761**	**4,460**	**4,010**

11. Prime Cost Depreciation Schedule

Assets Generally Division 40 - Plant and Equipment	Eligibility For Depreciation	Prime Cost Rate	Start Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Air-conditioning assets (excl. ducting, pipes & vents)														
Mini split system upto 20KW	NO	10.00%	25-Jul-16	5,822	542	582	582	582	582	582	582	582	582	582
Bathroom assets														
Exhaust fans (including light/heating)	NO	10.00%	25-Jul-16	606	56	61	61	61	61	61	61	61	61	61
Blinds Residential	NO	10.00%	25-Jul-16	1,994	186	199	199	199	199	199	199	199	199	199
Ceiling Fans	NO	20.00%	25-Jul-16	2,486	463	497	497	497	497	35				
Fire control assets														
Detection & alarm systems, detectors	NO	5.00%	25-Jul-16	267	12	13	13	13	13	13	13	13	13	13
Floor coverings (removable without damage)														
Floating timber	NO	6.67%	25-Jul-16	7,316	454	488	488	488	488	488	488	488	488	488
Furniture	NO	7.50%	25-Jul-16	2,583	181	194	194	194	194	194	194	194	194	194
Garbage disposal														
Garbage bins	NO	15.00%	25-Jul-16	194	27	29	29	29	29	29	22			
Garden sheds, freestanding	NO	10.00%	25-Jul-16	16,980	1,582	1,698	1,698	1,698	1,698	1,698	1,698	1,698	1,698	1,698
Hot water systems (excluding piping)														
Gas or electric	NO	8.33%	25-Jul-16	1,819	141	152	152	152	152	152	152	152	152	152
Kitchen assets														
Cooktops	NO	8.33%	25-Jul-16	1,031	80	86	86	86	86	86	86	86	86	86
Dishwashers	NO	10.00%	25-Jul-16	1,455	136	146	146	146	146	146	146	146	146	146
Ovens	NO	8.33%	25-Jul-16	1,334	104	111	111	111	111	111	111	111	111	111
Rangehoods	NO	8.33%	25-Jul-16	546	42	45	45	45	45	45	45	45	45	45
Lights														
Fittings (excluding hardwired)	NO	20.00%	25-Jul-16	1,019	190	204	204	204	204	13				
Solar power generating system assets	NO	5.00%	25-Jul-16	5,239	244	262	262	262	262	262	262	262	262	262
Pooled Plant Total														
Effective Life Plant Total					**4,440**	**4,767**	**4,767**	**4,767**	**4,767**	**4,114**	**4,059**	**4,037**	**4,037**	**4,037**
Total Division 40				**50,692**	**4,440**	**4,767**	**4,767**	**4,767**	**4,767**	**4,114**	**4,059**	**4,037**	**4,037**	**4,037**

Prime Cost Depreciation Schedule (cont.)

Division 43 - Capital Works Allowance	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 1988	2.50%	25-Jul-16	2,178	169	181	181	181	181	181	181	181	181	181
Building Works - Completed 1999	2.50%	25-Jul-16	5,276	214	230	230	230	230	230	230	230	230	230
Building Works - Completed 2004	2.50%	25-Jul-16	16,092	540	580	580	580	580	580	580	580	580	580
Building Works - Completed 2009	2.50%	25-Jul-16	35,979	1,013	1,088	1,088	1,088	1,088	1,088	1,088	1,088	1,088	1,088
Structural Improvements - Completed 1992	2.50%	25-Jul-16	914	52	56	56	56	56	56	56	56	56	56
Structural Improvements - Completed 2009	2.50%	25-Jul-16	4,497	127	136	136	136	136	136	136	136	136	136
Structural Improvements - Completed 2013	2.50%	25-Jul-16	12,935	326	350	350	350	350	350	350	350	350	350
Total Division 43			77,871	2,441	2,621	2,621	2,621	2,621	2,621	2,621	2,621	2,621	2,621
Total Depreciation			**128,563**	**6,881**	**7,388**	**7,388**	**7,388**	**7,388**	**6,735**	**6,680**	**6,658**	**6,658**	**6,658**

12. Division 43 Capital Works Schedule

The table below outlines the amount of Division 43 building write-off available for this property. The building write-off is claimed over forty years from the construction date of the works completed and is the remaining value after plant and equipment has been taken out.

Qualifying Building Allowance

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Building Works - Completed 1988	3 Aug 88 to 6 Aug 88	7,250	2.50%	181	2,178
Building Works - Completed 1999	17 Jul 99 to 22 Jul 99	9,184	2.50%	230	5,276
Building Works - Completed 2004	20 Apr 04 to 25 Apr 04	23,201	2.50%	580	16,092
Building Works - Completed 2009	16 Aug 09 to 26 Aug 09	43,502	2.50%	1,088	35,979
Sub-total		83,138		2,079	59,525

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 1992	4 Dec 92 to 9 Dec 92	2,236	2.50%	56	914
Structural Improvements - Completed 2009	21 Aug 09 to 26 Aug 09	5,438	2.50%	136	4,497
Structural Improvements - Completed 2013	5 Jul 13 to 10 Jul 13	14,000	2.50%	350	12,935
Sub-total		21,674		542	18,346
Totals		104,812		2,621	77,871

The table below demonstrates the various property types and the depreciation rates for Capital expenditure deductions. Eligibility is based on the date of construction commencement.

13. Definition of Terms

Adjusted Value	This is the value of an asset after a period of decline often referred to as the written down value or WDV.
Balancing Adjustment	The balancing adjustment amount is the difference between the termination value and the adjustable value of a depreciating asset at the time of a balancing adjustment event.
Decline in Value	Deductions for the cost of a depreciating asset are based on the decline in value between any two dates. This report includes both methods of the decline in value of a depreciating asset; the prime cost method and diminishing value method.
Depreciating Assets	Assets with limited effective life that are reasonably expected to decline in value.
Diminishing Value Method	This is the method of calculating the decline in value which uses the opening adjusted value as the basis for the calculation.
Effective Life	The effective life of a depreciating asset is how long it can be used by any entity for a taxable income producing purpose.
Immediate WriteOff	A depreciating asset which costs less than $300 can be immediately written off at 100% of the total cost. This is only available where the asset is not part of a set e.g. table and chairs.
Installed Costs	This is the total cost of installing the asset inclusive of fees and labour etc.
Low Value Pool	Low cost assets which have a value between $300 and $1000. These assets are depreciated at 18.75% in the first year and 37.5% in each subsequent years.
Low Cost Asset	A depreciable asset with an installed cost of less than $1000.
Low Value Asset	A depreciable asset that has an adjusted value of less than $1000.
Non Eligible	This may include a proportion of the purchase price that is not claimable due to the age of the building or asset type.
Prime Cost Method	This is a method of calculating depreciation using a constant opening cost base often referred to as the "Straight Line" method.

14. Contact Details

COMPANY DETAILS	
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15. Disclaimer

This report has been prepared for the exclusive use of the parties named within this report, Koste Pty Ltd does not accept any contractual, tortious or other form of liability for any consequences that may arise from any other person acting upon or using this valuation.

Appendix A: ATO's New Legislations on Post 9 May Purchased and Capital Loss

A1. Post 9 May 2017

The amendments to the ITAA 1997 recently limited the income tax deductions for the decline in value of previously used plant and equipment in rental premises used for residential accommodation. The changes apply to any second-hand property purchasers who contracts after 7.30 pm on 9 May 2017, and to any property owners who convert their main occupancies into investment properties after 1 July 2017.

This may give rise to a capital loss due to the difference between an asset's original - cost/value and its termination value at the time of a balancing adjustment event. This capital loss may be used to be offset against any future capital gains. Koste has taken into consideration of the legislation changes and identify both the eligible depreciation each year and the capital loss that will be applied.

A2. Capital Gain / Capital Loss

If you sell a capital asset, such as your investment property, the difference between what it cost you to acquire the asset and what you receive when you dispose of it will become your capital gain or capital loss. When you make a capital gain, it is added to your assessable income and may significantly increase the tax you need to pay. If you make a capital loss, you cannot claim it against your other income but you can use it to reduce a capital gain in current or future years.

Further information regarding the legislation please refer to ATO website – www.ato.gov.au

A3. Capital Loss on Plant and Equipment (Division 40)

When you dispose a depreciating asset, a balancing adjustment event will occur and you need to work out a balancing adjustment amount to include in your assessable income or to claim as a deduction by comparing the asset's termination value (such as the proceeds from the sale of the asset) and its adjustable value at the time of the balancing adjustment event. However, from 1 July 2017, if a balancing adjustment event happens to a depreciating asset to which the new rules about deductions for decline in value of second-hand depreciating assets in residential rental properties apply, then a capital gain or capital loss might arise.